FISCAL MEMORANDUM
SB 1152 – HB 1204

June 6, 2007

SUMMARY OF AMENDMENTS (007222, 006974, 009715):
Amendment 007222 rewrites the Tennessee Tollway Act (TTA) by adding new language concerning the economic, social, and environmental effects of any such tollway project, the issuance, terms, and securitization of bonds related to any such tollway project, and authorizations and/or powers granted to the Department of Transportation (TDOT) and to the State Funding Board. Amendment 006974 requires the TTA to be a pilot project for evaluating the feasibility of tolling as an additional method of funding the development of highways or other transportation-related facilities. Amendment 009715 adds language to the bill as amended requiring TDOT to present such tollway or toll facility project to both the Senate and House Transportation Committees and that such projects be approved by resolution of both houses.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact – The fiscal impact of this bill is relative to the period of time considered. Over long periods of time (typically 20 to 30 years), the type of capital projects identified in this bill are expected to be revenue generators for the state or self-supporting at a minimum in that revenues would offset expenses incurred. Over shorter periods of time (1 to 5 years), state expenditures are expected to increase significantly relative to any increase of state revenues. Determining the extent of such shorter-term impacts is dependent upon several unknown factors such as the number of projects that will be undertaken, the scope and timing of such projects, the extent of funding acquired by the state as the result of any subsequent bond issues or federal funding, and toll revenue expectations. As a result, determining a precise fiscal impact for this bill is difficult. However, the increase to state expenditures is reasonably expected to exceed any increase of state revenues by $1,000,000 or more in each of the first three years for any such project undertaken.
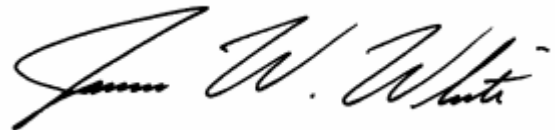
FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Other Fiscal Impact – The cost to conduct the feasibility studies for the two pilot projects would require expenditure of federal planning funds estimated to be between $200,000 and $800,000. These funds would be shifted from other planning projects that would be undertaken in the absence of this legislation.

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Assumptions applied to amendments:

- Such pilot project is limited to two projects: a new highway project, including such bridges and other structures as may be necessary to complete the project, and a major bridge project crossing a major river, together with such related highway facilities and structures as needed to complete the project and give it logical termini.
- A contract for the design and construction of a tolled highway and bridge shall be awarded within five years of the effective date of this act (effective upon becoming law).
- According to TDOT, the cost to complete the feasibility studies and to report their findings to the General Assembly would be between $100,000 and $400,000 per project. Such costs are dependent upon public meetings, research of best tolling practices, evaluation of recent toll projects in other states, and the extent of consulting work that would be required. This expenditure would come from planning funds received each year from the federal government.
- Given any project is approved for the construction phase, TDOT would likely issue bonds to finance any such project. Any issuance of bonds would require approval from the General Assembly. Given the authority to issue bonds, state expenditures are expected to exceed state revenues (which would be generated from future tolls) by at least $1.0 million per year for the first three years for any project undertaken.
- Amendment 009715 will not have a significant impact upon state expenditures.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

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